

**CENTRAL LAKE PUBLIC SCHOOLS**

**CENTRAL LAKE, MICHIGAN**

**JUNE 30, 2008**

***Baird, Cotter and Bishop, P.C.***

**CERTIFIED PUBLIC ACCOUNTANTS**

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CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2008

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# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601  
PHONE: 231-775-9789 FAX: 231-775-9749  
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July 10, 2008

### INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Central Lake Public Schools  
Central Lake, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Central Lake Public Schools, Central Lake, Michigan, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Central Lake Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Central Lake Public Schools, Central Lake, Michigan, as of June 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2008, on our consideration of Central Lake Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through ix and 26 - 29, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Central Lake Public Schools, Central Lake, Michigan basic financial statements. The combining and individual fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

CENTRAL LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2008

Central Lake Public Schools, a K-12 school district located in Antrim County, Michigan has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Central Lake Public Schools administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2008.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

**A. Fund Financial Statements**

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds which include Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

**B. Government-wide Financial Statements**

This report includes government-wide statements as required by GASB Statement Number 34. These statements are calculated using full accrual accounting and more closely represent those presented by business and industry. The entire District's assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

**C. Summary of Net Assets**

The following schedule summarizes the net assets at fiscal year ended June 30, 2008 and June 30, 2007:

CENTRAL LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2008

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Current Assets	\$ 1,522,807	\$ 1,505,410
Non Current Assets		
Capital Assets	7,591,902	7,525,244
Less Accumulated Depreciation	(3,210,935)	(3,029,273)
Total Non Current Assets	<u>4,380,967</u>	<u>4,495,971</u>
Total Assets	<u><u>\$ 5,903,774</u></u>	<u><u>\$ 6,001,381</u></u>
<b>Liabilities</b>		
Current Liabilities	\$ 600,737	\$ 627,110
Non Current Liabilities	<u>815,018</u>	<u>1,005,972</u>
Total Liabilities	<u>1,415,755</u>	<u>1,633,082</u>
<b>Net Assets</b>		
Invested in Capital Assets Net of Related Debt	3,450,967	3,370,971
Restricted for Debt Service	169,482	223,416
Unrestricted	<u>867,570</u>	<u>773,912</u>
Total Net Assets	<u>4,488,019</u>	<u>4,368,299</u>
Total Liabilities and Net Assets	<u><u>\$ 5,903,774</u></u>	<u><u>\$ 6,001,381</u></u>

**D. Analysis of Financial Position**

During the fiscal year ended June 30, 2008, the District's net assets increased by \$119,720. A few of the more significant factors affecting net assets during the year are discussed below:

**1. Depreciation Expense**

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost



CENTRAL LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2008

of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2008, \$229,009 was recorded for depreciation expense.

**2. Capital Outlay Acquisitions**

For the fiscal year ended June 30, 2008, \$114,005 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets and the current year's depreciation is a decrease to capital assets in the amount of \$115,004 for the fiscal year ended June 30, 2008.

**E. Results of Operations**

For the fiscal year ended June 30, 2008 and 2007, the results of operations, on a District-wide basis, were:

	2008	% of Total	2007	% of Total
<b>General Revenues</b>				
Property Taxes	\$2,558,797	55.71 %	\$2,520,663	51.23 %
Interest Earnings	59,143	1.29 %	52,841	1.07 %
State Sources	877,009	19.09 %	1,141,787	23.20 %
Gain on Sale of Capital Assets	2,000	0.04 %	0	0.00 %
Other	65,677	1.43 %	130,624	2.66 %
Total General Revenues	3,562,626	77.56 %	3,845,915	78.16 %
<b>Program Revenues</b>				
Charges for Services	188,901	4.11 %	220,533	4.48 %
Operating Grants	841,861	18.33 %	854,367	17.36 %
Total Program Revenues	1,030,762	22.44 %	1,074,900	21.84 %
Total Revenues	4,593,388	100.00 %	4,920,815	100.00 %

CENTRAL LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2008

	2008	% of Total	2007	% of Total
<b>Expenses</b>				
Instruction	2,409,404	53.86 %	2,691,412	52.46 %
Supporting Services	1,490,174	33.31 %	1,612,450	31.43 %
Community Activities	16,865	0.38 %	21,595	0.42 %
Food Service Activities	143,041	3.20 %	165,799	3.23 %
Athletic Activities	145,682	3.26 %	173,594	3.38 %
Interest on Long-Term Debt	38,956	0.87 %	44,400	0.87 %
Capital Outlay	0	0.00 %	39,349	0.77 %
Other Transactions	537	0.01 %	151,320	2.95 %
Unallocated Depreciation	229,009	5.11 %	230,547	4.49 %
Total Expenses	4,473,668	100.00 %	5,130,466	100.00 %
Change in Net Assets	<u>\$ 119,720</u>		<u>\$ (209,651)</u>	

**F. Analysis of Significant Revenues and Expenses**

Significant revenues and expenditures are discussed in the segments below:

**1. Property Taxes**

The District levies 18 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2007-2008 fiscal year, the District levied \$2,289,452 in non-homestead property taxes. This represented an increase of 7.28% from the prior year. The amount of unpaid property taxes of the General Fund at June 30, 2008, was \$8,193.

The following table summarizes the non-homestead property tax levies for operations for the past three years:

CENTRAL LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2008

<u>Fiscal Year</u>	<u>Non-Homestead Tax Levy</u>
2007-2008	2,289,452
2006-2007	2,134,128
2005-2006	1,971,841

**2. State Sources**

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count. For the 2007-2008 fiscal year, the District received \$7,927 per student FTE.

**3. Student Enrollment**

The following schedule summarizes the blended student enrollment for the past three fiscal years:

<u>Fiscal Year</u>	<u>Blended Student FTE</u>
2007-2008	411
2006-2007	425
2005-2006	444

**4. Operating Grants**

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2008, federal, state, and other grants accounted for \$841,681.

**G. General Fund Budgetary Highlights**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

CENTRAL LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2008

For the 2007-2008 fiscal year, the District amended the general fund budget in June 2008. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Total Revenues	\$ 4,150,521	\$ 4,098,694	\$4,104,636	\$ 5,942
<u>EXPENDITURES</u>				
Instruction	\$ 2,476,757	\$ 2,422,838	\$2,406,102	\$ (16,736)
Supporting Services	1,533,469	1,500,746	1,484,880	(15,866)
Transfers	129,083	104,778	104,455	(323)
Community Activities	11,212	16,865	16,865	0
Total	\$ 4,150,521	\$ 4,045,227	\$4,012,302	\$ (32,925)

The total revenues variance of \$5,942 is 0.14% of total budgeted revenues and the total expenditures variance of \$32,925 is 0.84% of the total General Fund budget expenditures.

## **H. Capital Asset and Debt Administration**

### **1. Capital Assets**

By the end of the 2007-2008 fiscal year, the District had invested over \$7.5 million in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net increase of approximately \$114,005 from the prior fiscal year. Depreciation expense for the year amounted to \$229,009 bringing the accumulation to \$3.2 million as of June 30, 2008.

### **2. Long-Term Debt**

At June 30, 2008, the District had \$930,000 in bonded debt outstanding. This represents a reduction of \$195,000 over the amount outstanding at the close of the prior fiscal year.

CENTRAL LAKE PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2008

**I. Factors Impacting the District's Present and Future Financial Conditions**

At the time that these financial statements were prepared and audited, the District was aware of the following factors that have had impact on finances and could have significant affect on the district's financial security in the future:

- The bleak economic picture in the state continues to have a depressing financial impact on Central Lake Public Schools, as well as all schools in the State of Michigan. The foundation allowance has continued to remain flat.
- The School District had another 14 student decrease in the student enrollment during the 2007-2008 school year that resulted in the District using the majority of fund balance during the year. The school continues to feel the impact of a student count that is below the average of the last five years. This decrease in students is mainly due to population loss due to loss of available jobs in the area.
- The School District has continued the partnership with Northwest Community Health Agency in providing our Preschool program at the Purdy Early Education wing. The partnership saves the District several thousand dollars on payroll and operational expenses. For the upcoming year, this partnership will continue to provide savings as the agency will begin to directly pay the preschool assistant.
- For the upcoming 2008-2009 school year, the School District has made several cost saving cuts to offset the anticipated continued reduction in student population. The District cut 2.5 elementary teachers; 1.1 high school teacher; plans to rehire retirees for transportation supervisor and food service supervisor; cut bus washes for transportation; plans to reduce 2 custodians from 5.75 hours per day to 3; plans to reduce elementary secretary days by 10 days; and plans to reduce high school counselor days by 10 days. In trying to maximize educational opportunities while reducing costs, the cuts and reductions were made to keep the School District's operations functioning with as much efficiency as possible.
- The District will see an overall decrease in revenues for the 2008-2009 school year. While the taxpayers supported an 18.0 mill Homestead Operating millage, the revenues coming to the School District via grants through state and federal governments will decline, increasing the costs that will be needed to be paid utilizing the tax levy and state foundation allowance dollars.

**J. Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact Central Lake Public Schools, 8190 W. State Street, P.O. Box 128, Central Lake, Michigan 49622.

CENTRAL LAKE PUBLIC SCHOOLS

CENTRAL LAKE, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2008

ASSETS

CURRENT ASSETS

Cash	\$ 26,163
Taxes Receivable	9,180
Accounts Receivable	19,887
Due from External Parties (Fiduciary Fund)	650
Due from Other Governments	194,226
Inventories	7,876
Investments	1,264,825
Total Current Assets	<u>1,522,807</u>

NON CURRENT ASSETS

Capital Assets	7,591,902
Less Accumulated Depreciation	<u>(3,210,935)</u>
Total Non Current Assets	<u>4,380,967</u>

TOTAL ASSETS

\$ 5,903,774

LIABILITIES AND NET ASSETS

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	\$ 4,581
Accrued Expenses	66,772
Accrued Interest Payable	5,680
Salaries Payable	273,993
Due to Other Governments	13,491
Deferred Revenue	41,220
Current Portion of Non Current Liabilities	<u>195,000</u>
Total Current Liabilities	<u>600,737</u>

NON CURRENT LIABILITIES

Bonds Payable	930,000
Compensated Absences	80,018
Less Current Portion of Non Current Liabilities	<u>(195,000)</u>
Total Non Current Liabilities	<u>815,018</u>
Total Liabilities	<u>1,415,755</u>

NET ASSETS

Invested in Capital Assets Net of Related Debt	3,450,967
Restricted for Debt Service	169,482
Unrestricted	<u>867,570</u>
Total Net Assets	<u>4,488,019</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,903,774</u></u>

The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS

CENTRAL LAKE, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL
		CHARGES FOR SERVICES	OPERATING GRANTS	ACTIVITIES
				NET (EXPENSES) REVENUES AND CHANGE IN NET ASSETS
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction				
Basic Programs	\$ 1,983,225	\$ 77,555	\$ 123,033	\$ (1,782,637)
Added Needs	300,095	12,777	516,447	229,129
Career and Technical Education	126,084	0	0	(126,084)
Supporting Services				
Pupil	199,517	0	122,637	(76,880)
Instructional Staff	232,600	0	0	(232,600)
General Administration	162,932	0	0	(162,932)
School Administration	208,115	0	0	(208,115)
Business	121,092	0	0	(121,092)
Operation and Maintenance of Plant	364,597	0	0	(364,597)
Pupil Transportation Services	158,092	0	1,958	(156,134)
Other Supporting Services	43,229	0	0	(43,229)
Community Activities	16,865	0	0	(16,865)
Food Service Activities	143,041	66,684	77,786	1,429
Athletic Activities	145,682	31,885	0	(113,797)
Interest on Long Term Debt	38,956	0	0	(38,956)
Other Transactions	537	0	0	(537)
Unallocated Depreciation	229,009	0	0	(229,009)
Total Governmental Activities	<u>\$ 4,473,668</u>	<u>\$ 188,901</u>	<u>\$ 841,861</u>	(3,442,906)
<u>GENERAL REVENUES</u>				
Property Taxes - General Purposes				2,394,550
Property Taxes - Debt Service				164,247
Interest Earnings				59,143
State Sources				877,009
Gain in Sale of Capital Assets				2,000
Other				65,677
Total General Revenues				<u>3,562,626</u>
Change in Net Assets				119,720
<u>NET ASSETS</u> - Beginning of Year				<u>4,368,299</u>
<u>NET ASSETS</u> - End of Year				\$ 4,488,019

The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2008

	OTHER							
	GENERAL	CAPITAL PROJECTS FUNDS				DEBT	NONMAJOR	TOTAL
	FUND	1989	1992	1993	SINKING	SERVICE	GOVERNMENTAL	GOVERNMENTAL
						FUND	FUNDS	FUNDS
<u>ASSETS</u>								
Cash	\$ 2,394	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,769	\$ 26,163
Taxes Receivable	8,193	0	0	0	89	898	0	9,180
Accounts Receivable	17,937	0	0	0	0	0	369	18,306
Due from Other Funds	650	0	0	0	0	0	0	650
Due from Other Governments	193,218	0	0	0	0	0	1,008	194,226
Inventories	0	0	0	0	0	0	7,876	7,876
Investments	307,103	55,762	409,292	248,964	75,120	168,584	0	1,264,825
<hr/>								
TOTAL ASSETS	\$ 529,495	\$ 55,762	\$409,292	\$ 248,964	\$ 75,209	\$ 169,482	\$ 33,022	\$ 1,521,226
<hr/>								
<u>LIABILITIES AND FUND BALANCES</u>								
<u>LIABILITIES</u>								
Accounts Payable	\$ 338	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,243	\$ 4,581
Meal Plan Deposits	0	0	0	0	0	0	(1,581)	(1,581)
Salaries Payable	273,993	0	0	0	0	0	0	273,993
Accrued Expenses	66,772	0	0	0	0	0	0	66,772
Due to Other Governments	13,491	0	0	0	0	0	0	13,491
Deferred Revenue	41,220	0	0	0	0	0	0	41,220
<hr/>								
Total Liabilities	395,814	0	0	0	0	0	2,662	398,476

The notes to the financial statements are an integral part of this statement.



	GENERAL FUND	1989	<u>CAPITAL PROJECTS FUNDS</u>				DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
			1992	1993	SINKING				
<u>FUND BALANCES</u>									
Reserved for Inventories	0	0	0	0	0	0	7,876	7,876	
Reserved for Debt Service	0	0	0	0	0	169,482	0	169,482	
Unreserved, Designated, Reported In									
Food Service	0	0	0	0	0	0	20,706	20,706	
Athletic Activities	0	0	0	0	0	0	1,778	1,778	
Unreserved, Undesignated, Reported In									
General Fund and									
Capital Projects Fund	133,681	55,762	409,292	248,964	75,209	0	0	922,908	
Total Fund Balances	133,681	55,762	409,292	248,964	75,209	169,482	30,360	1,122,750	
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 529,495	 \$ 55,762	 \$409,292	 \$ 248,964	 \$ 75,209	 \$ 169,482	 \$ 33,022	 \$ 1,521,226	

The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2007

Total Governmental Fund Balances	\$ 1,122,750
----------------------------------	--------------

Amounts reported for governmental activities in the  
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are  
not reported in the funds

The cost of the capital assets is	7,591,902	
Accumulated depreciation is	<u>(3,210,935)</u>	4,380,967

Long term liabilities are not due and payable in the current period and are not  
reported in the funds

Bonds Payable	(930,000)
Compensated Absences	(80,018)

Accrued interest is not included as a liability in government funds, it is recorded when paid	<u>(5,680)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 4,488,019</u></u>
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The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

	GENERAL FUND	1989	1992	1993	SINKING	DEBT SERVICE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>								
Local Sources	\$ 2,404,941	\$ 2,129	\$ 16,102	\$ 9,154	\$ 107,097	\$ 173,540	\$ 101,605	\$ 2,814,568
State Sources	1,083,588	0	0	0	0	1,339	3,576	1,088,503
Federal Sources	247,727	0	0	0	0	0	74,210	321,937
Other Transactions	368,380	0	0	0	0	0	0	368,380
Total Revenues	4,104,636	2,129	16,102	9,154	107,097	174,879	179,391	4,593,388
<u>EXPENDITURES</u>								
Instruction								
Basic Programs	1,984,374	0	0	0	0	0	0	1,984,374
Added Needs	295,644	0	0	0	0	0	0	295,644
Career and Technical Education	126,084	0	0	0	0	0	0	126,084
Supporting Services								
Pupil	199,363	0	0	0	0	0	0	199,363
Instructional Staff	232,121	0	0	0	0	0	0	232,121
General Administration	162,932	0	0	0	0	0	0	162,932
School Administration	208,213	0	0	0	0	0	0	208,213
Business	121,092	0	0	0	0	0	0	121,092
Operation and Maintenance	359,838	300	300	300	3,859	0	0	364,597
Pupil Transportation Services	158,092	0	0	0	0	0	0	158,092
Other Support Services	43,229	0	0	0	0	0	0	43,229

The notes to the financial statements are an integral part of this statement.

	GENERAL	CAPITAL PROJECTS FUNDS				DEBT	OTHER	TOTAL
	FUND	1989	1992	1993	SINKING	SERVICE	NONMAJOR	GOVERNMENTAL
						FUND	FUNDS	FUNDS
Community Activities	16,865	0	0	0	0	0	0	16,865
Food Service Activities	0	0	0	0	0	0	142,832	142,832
Athletic Activities	0	0	0	0	0	0	145,682	145,682
Capital Outlay	0	7,500	0	0	106,505	0	0	114,005
Debt Service								
Principal	0	0	0	0	0	195,000	0	195,000
Interest	0	0	0	0	0	39,931	0	39,931
Other Transactions	0	0	0	0	0	537	0	537
Total Expenditures	3,907,847	7,800	300	300	110,364	235,468	288,514	4,550,593
Excess (Deficiency) of Revenues Over (Under) Expenditures	196,789	(5,671)	15,802	8,854	(3,267)	(60,589)	(109,123)	42,795
<u>OTHER FINANCING SOURCES (USES)</u>								
Transfers In	0	0	0	0	0	0	104,455	104,455
Transfers Out	(104,455)	0	0	0	0	0	0	(104,455)
Total Other Financing Sources (Uses)	(104,455)	0	0	0	0	0	104,455	0
Net Change in Fund Balances	92,334	(5,671)	15,802	8,854	(3,267)	(60,589)	(4,668)	42,795
<u>FUND BALANCES -</u> Beginning of Year	41,347	61,433	393,490	240,110	78,476	230,071	35,028	1,079,955
<u>FUND BALANCES -</u> End of Year	\$ 133,681	\$ 55,762	\$ 409,292	\$ 248,964	\$ 75,209	\$ 169,482	\$ 30,360	\$ 1,122,750

The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2008

Net Change in Fund Balances Total Governmental Funds	\$ 42,795
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(229,009)
Capital Outlay	114,005
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued Interest Payable - Beginning of Year	6,655
Accrued Interest Payable - End of Year	(5,680)
Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	
	195,000
Employees Early Retirement and Compensated Absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Compensated Absences - Beginning of Year	75,972
Compensated Absences - End of Year	(80,018)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 119,720</u>

The notes to the financial statements are an integral part of this statement.



CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

JUNE 30, 2008

	<u>PRIVATE PURPOSE TRUST FUND</u>
<u>ADDITIONS</u>	
Earnings on Investments and Deposits	\$ 528
<u>DEDUCTIONS</u>	<u>1,500</u>
Change In Net Assets	\$ (972)
<u>NET ASSETS</u> - Beginning of Year	<u>15,148</u>
<u>NET ASSETS</u> - End of Year	<u><u>\$ 14,176</u></u>

The notes to the financial statements are an integral part of this statement.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Central Lake Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

Central Lake Public Schools (the "District") is located in Antrim County with its administrative offices located in Central Lake, Michigan. The District is governed by the Central Lake Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District provides services to its 411 students in elementary, middle school, high school, special education instruction, guidance, health, transportation, food service and athletics. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.



CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues and charges, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Governmental Funds** - Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Capital Projects Funds* account for financial resources to be used for the acquisition or construction of major capital facilities.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**Other Non-major Funds**

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and athletic activities in the special revenue funds.

**Fiduciary funds** account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *Expendable Trust Funds* are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent.

The *Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

**C. Measurement Focus, Basis of Accounting and Basis of Presentation**

**Accrual Method**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Modified Accrual Method**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

**State Revenue**

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2008, the foundation allowance was based on pupil membership counts taken in February and September of 2007. For fiscal year ended June 30, 2008, the per pupil foundation allowance was \$7,927 for Central Lake Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2007 to August 2008. Thus, the unpaid portion at June 30th is reported as due from other governments.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

**D. Other Accounting Policies**

**1. Cash and Investments**

Cash includes amounts in demand deposits.

Investments are carried at market value which equals costs. The School District's investment policy states the superintendent is responsible for maximizing the interest earnings of the District. Authorized investments of the District are restricted to:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States Government.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate a bank in this state.
- (c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Certificates of deposit or share certificates of state or federal credit unions organized and authorized to operate in this state.

The board also authorizes the superintendent to open passbook savings accounts for general fund monies to earn interest while not being used for operating purposes or invested otherwise. Such accounts shall be used when the cash flow pattern does not permit the purchases of longer term investments or when the rate of return is comparable or greater than is available from other investments.

School's deposits and investments are held separately by several of the School District's funds.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1 and are billed and due December 1. Unpaid taxes become delinquent as of February 14th and are subject to penalties and interest after that date. Uncollected taxes at year-end are not material.

For the year ended June 30, 2008, the District levied the following amounts per \$1,000 of taxable valuation:

<u>Fund</u>	<u>Mills</u>
General Fund - Non-homestead	18.0000
Capital Projects - Homestead and non-homestead	0.4459
Debt Service Fund - Homestead and non-homestead	0.7000

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

Antrim County has a tax revolving fund which allows the county to pay off the various taxing units for their share of the current year real property taxes returned delinquent. In the current fiscal year, the School District received the total real property taxes returned delinquent for the 2007 tax roll. No liability for possible repayment of taxes and no allowance for uncollectible taxes has been recognized in the financial statements.

4. Inventories and Prepaid Expenditures

Inventories are valued at cost. Inventories in the special revenue funds consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	25 - 50 years
Furniture, Equipment and Textbooks	5 - 20 years
Land Improvements	40 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

6. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Deferred Revenue

The District reports deferred revenue on its individual fund balance sheets. Deferred revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurring of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

9. Fund Balance

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgeting**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue, debt, and capital projects funds. All annual appropriations lapse at fiscal year-end.

Encumbrance accounting is not employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated honored during the subsequent year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In June, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to June 30, the budgets are legally enacted through passage of a resolution.
4. The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
5. During the year, the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
6. Budgeted amounts are as originally adopted on June 25, 2007, or as amended by the School Board of Education from time to time throughout the year.

**B. Funds with Expenditures in Excess of Appropriations were as follows:**

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund		
Supporting Services		
School Administration	\$ 208,145	\$ 208,213
Other Support Services	42,754	43,229
Food Service	134,574	142,832
Capital Projects Fund - Sinking Fund	107,502	110,364

These overages were funded by greater than anticipated revenues and available fund balance.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 3 - DETAILED NOTES ON ALL FUNDS**

**A. Deposits**

The District's deposits and investments are all on deposit with Alden State Bank.

*Custodial credit risk – deposits.* This is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2008, \$855,550 of the government's bank balance of \$1,510,319 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**B. Receivables**

Receivables as of year end for the government's individual major funds and nonmajor, and fiduciary funds in the aggregate; including the applicable allowances for uncollectible accounts, are as follows:

	General	Capital Projects	Debt Service	Nonmajor and Other Funds	Total
Receivables					
Taxes	\$ 8,193	\$ 89	\$ 898	\$ 0	\$ 9,180
Accounts	17,937	0	0	369	18,306
Due from Other Governments	193,218	0	0	1,008	194,226
	<u>\$ 219,348</u>	<u>\$ 89</u>	<u>\$ 898</u>	<u>\$ 1,377</u>	<u>\$ 221,712</u>

The allowance for doubtful accounts is not considered to be material for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Grants Revenues Received, But Not Yet Utilized	\$ 0	\$ 41,220



CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**C. Capital Assets**

A summary of changes in the District's capital assets follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets:				
Land and Improvements	\$ 38,374	\$ 0	\$ 0	\$ 38,374
Buildings and Additions	5,766,747	114,005	0	5,880,752
Furniture, Equipment and Textbooks	1,720,123	0	47,347	1,672,776
Subtotal	<u>7,525,244</u>	<u>114,005</u>	<u>47,347</u>	<u>7,591,902</u>
Less Accumulated Depreciation for:				
Land and Improvements	10,981	951	0	11,932
Buildings and Additions	1,817,669	141,621	0	1,959,290
Furniture Equipment and Textbooks	1,200,623	86,437	47,347	1,239,713
Total Accumulated Depreciation	<u>3,029,273</u>	<u>229,009</u>	<u>47,347</u>	<u>3,210,935</u>
Net Capital assets	<u>\$ 4,495,971</u>	<u>\$ (115,004)</u>	<u>\$ 0</u>	<u>\$ 4,380,967</u>

Depreciation for the fiscal year ended June 30, 2008 amounted to \$229,009. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**D. Long-Term Debt**

The following is a summary of the general long-term debt transactions for the District for the year ended June 30, 2008:

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

	SERIAL BONDS PAYABLE	ACCRUED EXPENSES	TOTAL
Long-Term Debt at - Beginning of Year	\$ 1,125,000	\$ 75,972	\$ 1,200,972
Increases in Debt	0	4,046	4,046
Decreases in Debt	(195,000)	0	(195,000)
Long-Term Debt at - End of Year	930,000	80,018	1,010,018
Less Current Portion	(195,000)	0	(195,000)
Total Due After One Year	\$ 735,000	\$ 80,018	\$ 815,018

At June 30, 2008, the School's Long-Term Debt consisted of the following:

Serial Bonds Payable

2003 School Refunding Bonds Due in Annual Installments of \$180,000 to \$195,000 through May 1, 2013, Interest at 3.125% to 4.00%	\$ 930,000
Accumulated Sick Pay	80,018
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 1,010,018</b>

The annual requirements to amortize all debt outstanding as of June 30, 2008, including interest payments of \$105,008 are as follows:

YEAR ENDING JUNE 30,	Serial Bonds		Amounts Payable
	Principal	Interest	
2009	\$ 195,000	\$ 34,082	\$ 229,082
2010	190,000	27,988	217,988
2011	185,000	21,338	206,338
2012	180,000	14,400	194,400
2013	180,000	7,200	187,200
	930,000	105,008	1,035,008
Accumulated Sick Pay	80,018	0	80,018
	\$ 1,010,018	\$ 105,008	\$ 1,115,026

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

The annual requirements to amortize the accumulated sick pay is uncertain because it is unknown when the payments will be made.

**E. Short-Term Debt**

Short-term debt provides financing for governmental activities. In September 2007, the School District issued Tax Anticipation Notes in the amount of \$650,000. This debt was issued for interim financing of General Fund operations. On March 31, 2008, the School District repaid the note plus \$14,674 in interest at a rate of 4.0%.

The following is a summary of changes in short-term debt for the year ended June 30, 2008:

Balance, July 1, 2007	\$ 0
Increases	650,000
Decreases	(650,000)
Balance, June 30, 2008	<u>\$ 0</u>

**F. Interfund Receivables, Payables, and Transfers**

Interfund receivables and payables as shown in the individual fund financial statements at June 30, 2008, were:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 650	\$ 0
Agency Fund	0	650
	<u>\$ 650</u>	<u>\$ 650</u>

All remaining balances generally resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2008 are expected to be repaid within one year.

Interfund transfers are as shown in the individual fund financial statements at June 30, 2008, were:

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

	TRANSFERS IN	TRANSFERS OUT
General Fund	\$ 0	\$ 104,455
School Service Fund - Food Service	103,935	0
School Service Fund - Athletic	520	0
	<u>\$ 104,455</u>	<u>\$ 104,455</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers are used to move unrestricted General Fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies. The General Fund transfers to the Food Service Fund and Athletic Fund were to subsidize operations.

**F. Interest Income and Expense**

Interest income and expense for the year ended June 30, 2008 is as follows:

	<u>FUND</u>	INTEREST INCOME	EXPENSE
General Fund		\$ 19,954	\$ 19,598
School Special Funds			
Food Service Fund		580	0
Athletic Activities Fund		385	0
Debt Retirement Fund		8,842	39,931
Capital Projects Funds			
1989 Capital Projects Fund		2,129	0
1992 Capital Projects Fund		16,102	0
1993 Capital Projects Fund		9,154	0
Sinking Fund		1,997	0
Trust and Agency Funds			
Expendable Trust Fund		528	0
		<u>\$ 59,671</u>	<u>\$ 59,529</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

**NOTE 4 - OTHER INFORMATION**

**A. Employee Retirement System**

Central Lake Public Schools contributes to the Michigan Public School Employees Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Michigan Department of Management and Budget, Office of Retirement Systems. General oversight of the retirement system resides with the MPERS' board. MPERS provides retirement and disability and survivor benefits with annual 3% increases in pensions of members who are in the Member Investment Plan. With certain exceptions, pension recipients are also eligible for Master Health Plan coverage and 90% paid Dental Plan, Vision Plan and Hearing Plan coverage. Benefits are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Office of Retirement Systems, Michigan Public School Employees Retirement System, 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling 1-517-322-5103.

Employees first hired before January 1, 1990, could make a one-time irrevocable election to contribute to the Member Retirement Plan (MIP). Employees first hired on or after January 1, 1990, are automatically included in MIP. Employees in the MIP who were hired before January 1, 1990, contribute 3.9% of their salaries to the plan. Employees hired on or after that date contribute 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; and 4.3% of all wages over \$15,000. Central Lake Public Schools is required to contribute at an actuarially determined rate. During the year ended June 30, 2008, the District was required to contribute 17.74% of covered compensation for the first quarter and 16.72% of covered compensation for the last three quarters. The contribution requirements of plan members and Central Lake Public Schools are established and may be amended by the MPERS board. The District's contributions to the MPERS for the years ended June 30, 2008, 2007 and 2006 were \$350,132, \$405,981 and \$363,403 respectively, and were equal to the required contributions for each year.

**B. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008

a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2008 or any of the prior three years.

**C. Single Audit Report**

Federal rules were changed so that entities with federal expenditures less than \$500,000 are not required to have a single audit of federally funded programs. At June 30, 2008, the School District's expenditures from federally funded programs were less than \$500,000.

**D. Community Foundation**

On March 9, 1999, the Board of Education passed a resolution to participate in the Grand Traverse Regional Community Foundation and a Central Lake School District Fund was established. Contributions to the fund become the property of the foundation, held in its corporate capacity. Income earned by the fund is to be used, not to replace public financing, but to provide flexible funds to support, non-operational educational opportunities for the Central Lake School District. Net earnings of the fund shall be paid not more than twice a year or at a different schedule agreed upon by the fund's advisory committee and the foundation.

**E. Sale of Future Revenues**

For several years, the District has sold its rights to delinquent real property tax revenues and related late payment penalties to the Antrim County treasurer. For the 2007 tax roll the District received a lump sum payment of \$200,810 for general operating tax revenues, \$13,227 for debt service tax revenues and \$8,425 for sinking fund tax revenues. These amounts represent 100% of the present value of the delinquent real property tax revenues. In exchange for these payments, the county is allowed to keep the delinquent taxes collected plus the late payment penalties charged. If the county is ultimately unable to collect any of these delinquent taxes, the District will have to repay the county.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

	<u>GENERAL FUND</u>			<u>1989 CAPITAL PROJECTS</u>			<u>1992 CAPITAL PROJECTS</u>		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS
<u>REVENUES</u>									
Local Sources	\$ 2,652,291	\$ 2,767,943	\$ 2,404,941	\$ 2,000	\$ 2,000	\$ 2,129	\$ 15,100	\$ 15,100	\$ 16,102
State Sources	1,107,347	1,083,590	1,083,588	0	0	0	0	0	0
Federal Sources	241,720	247,161	247,727	0	0	0	0	0	0
Other Transactions	149,163	0	368,380	0	0	0	0	0	0
Total Revenues	4,150,521	4,098,694	4,104,636	2,000	2,000	2,129	15,100	15,100	16,102
<u>EXPENDITURES</u>									
Instruction									
Basic Programs	2,017,412	2,000,209	1,984,374	0	0	0	0	0	0
Added Needs	325,157	296,166	295,644	0	0	0	0	0	0
Career and Technical Education	134,188	126,463	126,084	0	9	0	0	0	0
Supporting Services									
Pupil	212,704	199,934	199,363	0	0	0	0	0	0
Instructional Staff	224,843	232,198	232,121	0	0	0	0	0	0
General Administration	167,300	164,744	162,932	0	0	0	0	0	0
School Administration	198,272	208,145	208,213	0	0	0	0	0	0
Business	119,777	124,087	121,092	0	0	0	0	0	0
Operation and Maintenance	395,710	365,910	359,838	300	300	300	300	300	300

	<u>GENERAL FUND</u>			<u>1989 CAPITAL PROJECTS</u>			<u>1992 CAPITAL PROJECTS</u>		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS
Pupil Transportation									
Services	169,246	162,774	158,092	0	0	0	0	0	0
Other Support Services	45,617	42,954	43,229	0	0	0	0	0	0
Community Activities	11,212	16,865	16,865	0	0	0	0	0	0
Capital Outlay	0	0	0	7,500	7,500	7,500	0	0	0
Debt Service	0	0	0	0	0	0	0	0	0
Total Expenditures	4,021,438	3,940,449	3,907,847	7,800	7,800	7,800	300	300	300
Excess (Deficiency) of Revenues Over (Under) Expenditures	129,083	158,245	196,789	(5,800)	(5,800)	(5,671)	14,800	14,800	15,802
<u>OTHER FINANCING SOURCES (USES)</u>									
Transfers Out	(129,083)	(104,778)	(104,455)	0	0	0	0	0	0
Net Change in Fund Balance	0	53,467	92,334	(5,800)	(5,800)	(5,671)	14,800	14,800	15,802
<u>FUND BALANCE -</u> Beginning of Year	28,804	41,348	41,347	61,433	61,433	61,433	393,490	393,490	393,490
<u>FUND BALANCE -</u> End of Year	\$ 28,804	\$ 94,815	\$ 133,681	\$ 55,633	\$ 55,633	\$ 55,762	\$ 408,290	\$ 408,290	\$ 409,292



CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2008

	<u>1993 CAPITAL PROJECTS</u>			<u>SINKING CAPITAL PROJECTS</u>			<u>DEBT SERVICE</u>		
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>
	<u>BUDGET</u>	<u>BUDGET</u>	<u>AMOUNTS</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>AMOUNTS</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>AMOUNTS</u>
<u>REVENUES</u>									
Local Sources	\$ 8,600	\$ 8,600	\$ 9,154	\$ 106,736	\$ 106,736	\$ 107,097	\$ 172,782	\$ 172,782	\$ 173,540
State Sources	0	0	0	0	0	0	1,339	1,339	1,339
Federal Sources	0	0	0	0	0	0	0	0	0
Other Transactions	0	0	0	0	0	0	0	0	0
Total Revenues	8,600	8,600	9,154	106,736	106,736	107,097	174,121	174,121	174,879
<u>EXPENDITURES</u>									
Instruction									
Basic Programs	0	0	0	0	0	0	0	0	0
Added Needs	0	0	0	0	0	0	0	0	0
Career and									
Technical Education	0	0	0	0	0	0	0	0	0
Supporting Services									
Pupil	0	0	0	0	0	0	0	0	0
Instructional Staff	0	0	0	0	0	0	0	0	0
General Administration	0	0	0	0	0	0	0	0	0
School Administration	0	0	0	0	0	0	0	0	0
Business	0	0	0	0	0	0	0	0	0
Operation and									
Maintenance	300	300	300	30	30	3,859	0	0	0

	<u>1993 CAPITAL PROJECTS</u>			<u>SINKING CAPITAL PROJECTS</u>			<u>DEBT SERVICE</u>		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS
Pupil Transportation									
Services	0	0	0	0	0	0	0	0	0
Other Support Services	0	0	0	0	0	0	0	0	0
Community Activities	0	0	0	0	0	0	0	0	0
Capital Outlay	0	0	0	107,472	107,472	106,505	0	0	0
Debt Service	0	0	0	0	0	0	255,442	255,442	235,468
Total Expenditures	300	300	300	107,502	107,502	110,364	255,442	255,442	235,468
Excess (Deficiency) of Revenues Over (Under) Expenditures	8,300	8,300	8,854	(766)	(766)	(3,267)	(81,321)	(81,321)	(60,589)
<u>OTHER FINANCING SOURCES (USES)</u>									
Transfers Out	0	0	0	0	0	0	0	0	0
Net Change in Fund Balance	8,300	8,300	8,854	(766)	(766)	(3,267)	(81,321)	(81,321)	(60,589)
<u>FUND BALANCE -</u> Beginning of Year	240,110	240,110	240,110	78,476	78,476	78,476	230,071	230,071	230,071
<u>FUND BALANCE -</u> End of Year	\$ 248,410	\$ 248,410	\$ 248,964	\$ 77,710	\$ 77,710	\$ 75,209	\$ 148,750	\$ 148,750	\$ 169,482

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NONMAJOR GOVERNMENTAL FUND TYPES

BALANCE SHEET

JUNE 30, 2008

	<u>SPECIAL REVENUE FUNDS</u>
 <u>ASSETS</u>	
Cash	\$ 23,769
Accounts Receivable	369
Due from Other Governments	1,008
Inventory	<u>7,876</u>
 TOTAL ASSETS	 <u><u>\$ 33,022</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>	
 <u>LIABILITIES</u>	
Accounts Payable	\$ 4,243
Meal Plan Deposits	<u>(1,581)</u>
 Total Liabilities	 <u>2,662</u>
 <u>FUND BALANCES</u>	
Reserved for Inventory	7,876
Unreserved	
Designated for:	
Food Service	20,706
Athletic Activities	<u>1,778</u>
 Total Fund Balances	 <u>30,360</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 33,022</u></u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

NONMAJOR GOVERNMENTAL FUND TYPES

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2008

	<u>SPECIAL REVENUE FUNDS</u>
<u>REVENUES</u>	
Local Sources	\$ 101,605
State Sources	3,576
Federal Sources	<u>74,210</u>
Total Revenues	<u>179,391</u>
<u>EXPENDITURES</u>	
Food Service Activities	142,832
Athletic Activities	<u>145,682</u>
Total Expenditures	<u>288,514</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(109,123)
<u>OTHER FINANCING SOURCES</u>	
Operating Transfers In	<u>104,455</u>
Net Change in Fund Balances	(4,668)
<u>FUND BALANCES</u> - Beginning of Year	<u>35,028</u>
<u>FUND BALANCES</u> - End of Year	<u><u>\$ 30,360</u></u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash	\$ 2,394	\$ 3,052
Taxes Receivable	8,193	6,412
Accounts Receivable	17,937	16,344
Due from Other Funds	650	0
Due from Other Governments	193,218	183,690
Investments	307,103	239,034
Prepaid Expenses	0	20,170
	<hr/>	<hr/>
TOTAL ASSETS	\$ 529,495	\$ 468,702
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 338	\$ 355
Accrued Expenses	66,772	75,531
Salaries Payable	273,993	300,483
Due to Other Funds	0	3,251
Due to Other Governments	13,491	0
Deferred Revenue	41,220	47,735
	<hr/>	<hr/>
Total Liabilities	395,814	427,355
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for		
Prepaid Expenses	0	20,170
Unreserved		
Undesignated	133,681	21,177
	<hr/>	<hr/>
Total Fund Balance	133,681	41,347
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 529,495	\$ 468,702
	<hr/>	<hr/>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 2,401,393	\$ 2,404,941	\$ 2,298,570
State Sources	1,083,590	1,083,588	1,361,510
Federal Sources	247,161	247,727	251,763
Incoming Transfers and Other Transactions	366,550	368,380	366,723
Total Revenues	<u>4,098,694</u>	<u>4,104,636</u>	<u>4,278,566</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	2,000,209	1,984,374	2,103,597
Added Needs	296,166	295,644	413,485
Career and Technical Education	126,463	126,084	173,388
Supporting Services			
Pupil	199,934	199,363	209,116
Instructional Staff	232,198	232,121	201,914
General Administration	164,744	162,932	183,046
School Administration	208,145	208,213	247,765
Business	124,087	121,092	119,263
Operation and Maintenance	365,910	359,838	389,982
Pupil Transportation Services	162,774	158,092	187,974
Other Support Services	42,954	43,229	78,575
Community Activities	16,865	16,865	21,595
Other Transactions	0	0	63,783
Total Expenditures	<u>3,940,449</u>	<u>3,907,847</u>	<u>4,393,483</u>
Excess (Deficiency) of Revenues Over Expenditures	158,245	196,789	(114,917)

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	(104,778)	(104,455)	(135,854)
Net Change in Fund Balance	53,467	92,334	(250,771)
<u>FUND BALANCE</u> - Beginning of Year	41,348	41,347	292,118
<u>FUND BALANCE</u> - End of Year	<u>\$ 94,815</u>	<u>\$ 133,681</u>	<u>\$ 41,347</u>

CENTRAL LAKE PUBLIC SCHOOLS

CENTRAL LAKE, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2007

	FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND	TOTALS	
			2008	2007
<u>ASSETS</u>				
Cash	\$ 18,085	\$ 5,684	\$ 23,769	\$ 29,536
Accounts Receivable	32	337	369	74
Due from Other Governments	1,008	0	1,008	1,301
Inventory	7,876	0	7,876	5,468
TOTAL ASSETS	\$ 27,001	\$ 6,021	\$ 33,022	\$ 36,379
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 0	\$ 4,243	\$ 4,243	\$ 0
Meal Plan Deposits	(1,581)	0	(1,581)	836
Due to Other Funds	0	0	0	515
Total Liabilities	(1,581)	4,243	2,662	1,351
<u>FUND BALANCE</u>				
Reserved for Inventory	7,876	0	7,876	5,468
Unreserved				
Designated for:				
Food Service	20,706	0	20,706	20,376
Athletic Activities	0	1,778	1,778	9,184
Total Fund Balance	28,582	1,778	30,360	35,028
TOTAL LIABILITIES AND FUND BALANCE	\$ 27,001	\$ 6,021	\$ 33,022	\$ 36,379



CENTRAL LAKE PUBLIC SCHOOLS

CENTRAL LAKE, MICHIGAN

SPECIAL REVENUE (SCHOOL SERVICE) FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE TOTALS FOR YEAR ENDED JUNE 30, 2007

	FOOD SERVICE FUND	ATHLETIC ACTIVITIES FUND	TOTALS	
			2008	2007
<u>REVENUES</u>				
Local Sources	\$ 67,264	\$ 34,341	\$ 101,605	\$ 131,568
State Sources	3,576	0	3,576	12,531
Federal Sources	74,210	0	74,210	73,602
Total Revenues	145,050	34,341	179,391	217,701
<u>EXPENDITURES</u>				
Salaries	42,614	78,542	121,156	138,366
Employee Benefits	22,807	23,137	45,944	57,153
Purchased Services	3,854	24,563	28,417	28,744
Supplies and Materials	72,021	8,498	80,519	96,435
Other Expenses	1,536	10,942	12,478	18,695
Total Expenditures	142,832	145,682	288,514	339,393
Excess (Deficiency) of Revenues Over Expenditures	2,218	(111,341)	(109,123)	(121,692)
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	520	103,935	104,455	135,854
Net Change in Fund Balance	2,738	(7,406)	(4,668)	14,162
<u>FUND BALANCE</u> - Beginning of Year	25,844	9,184	35,028	20,866
<u>FUND BALANCE</u> - End of Year	\$ 28,582	\$ 1,778	\$ 30,360	\$ 35,028

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

FOOD SERVICE FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash	\$ 18,085	\$ 20,352
Accounts Receivable	32	74
Due from Other Governments	1,008	1,301
Inventory	7,876	5,468
	<hr/>	<hr/>
TOTAL ASSETS	\$ 27,001	\$ 27,195
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Meal Plan Deposits	\$ (1,581)	\$ 836
Due to Other Funds	0	515
	<hr/>	<hr/>
Total Liabilities	(1,581)	1,351
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Inventory	7,876	5,468
Unreserved		
Designated for Food Service	20,706	20,376
	<hr/>	<hr/>
Total Fund Balance	28,582	25,844
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 27,001	\$ 27,195
	<hr/>	<hr/>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Children Meals	\$ 41,249	\$ 39,608	\$ 45,721
Adult Meals	2,271	2,271	2,621
Catering Revenue	24,685	24,685	35,560
Earnings on Investment and Deposits	579	580	218
Miscellaneous Revenue	120	120	297
State Sources			
State Aid - Section 31D	3,471	3,471	7,045
State Aid - Other	105	105	5,486
Federal Sources			
Federal Aid	64,983	64,983	65,596
U.S.D.A. Donated Entitlement Commodities	984	9,079	7,860
U.S.D.A. Donated Bonus Commodities	0	148	146
Total Revenues	<u>138,447</u>	<u>145,050</u>	<u>170,550</u>
<u>EXPENDITURES</u>			
Salaries			
Supervisor	10,412	10,412	19,084
Cooks and Assistants	25,704	25,704	23,521
Aides	2,399	2,399	5,086
Substitute Cooks	3,484	3,485	1,237
Student Labor	614	614	511
Employee Benefits			
Health and Life Insurance	10,863	10,863	16,535
Retirement	7,242	7,242	8,549
Worker's Compensation	197	197	89
Social Security	3,255	3,255	3,623
Prescription Reimbursement	1,250	1,250	0
Purchased Services			
Audit	350	350	350

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

FOOD SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Repairs	3,304	3,304	1,626
Other Professional Services	200	200	0
Supplies and Materials			
Food Purchases	53,255	53,255	69,200
U.S.D.A. Delivery	4,178	4,178	1,234
U.S.D.A. Donated Commodities	0	8,243	8,006
Postage	62	62	51
Office Supplies	206	206	135
Other Supplies	6,077	6,077	5,165
Other Expenses			
Dues and Fees	1,456	1,456	1,470
Miscellaneous	66	80	327
Total Expenditures	<u>134,574</u>	<u>142,832</u>	<u>165,799</u>
Excess (Deficiency) of Revenues Over Expenditures	3,873	2,218	4,751
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In			
General Fund	<u>520</u>	<u>520</u>	<u>960</u>
Net Change in Fund Balance	4,393	2,738	5,711
<u>FUND BALANCE</u> - Beginning of Year	<u>28,839</u>	<u>25,844</u>	<u>20,133</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 33,232</u>	<u>\$ 28,582</u>	<u>\$ 25,844</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

ATHLETIC ACTIVITIES FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash	\$ 5,684	\$ 9,184
Accounts Receivable	337	0
TOTAL ASSETS	<u>\$ 6,021</u>	<u>\$ 9,184</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 4,243	\$ 0
<u>FUND BALANCE</u>		
Unreserved		
Designated for Athletic Activities	1,778	9,184
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,021</u>	<u>\$ 9,184</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

ATHLETIC ACTIVITIES FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Admissions	\$ 30,741	\$ 30,741	\$ 39,140
Earnings on Investments and Deposits	390	385	380
Student Sports Charge	0	676	0
Reimbursements	1,664	1,664	0
Playoff Donations	407	407	6,887
Miscellaneous	468	468	744
Total Revenues	33,670	34,341	47,151
<u>EXPENDITURES</u>			
Salaries			
Athletic Director	3,491	3,491	3,439
Coaches	66,087	66,087	74,250
Secretary	0	0	11,238
Athletic Transporter	8,964	8,964	0
Employee Benefits			
Health and Life Insurance	0	0	6,587
Worker's Compensation	368	368	163
Retirement	12,612	12,612	14,867
Social Security	5,924	5,924	6,740
Unemployment	4,233	4,233	0
Purchased Services			
Officials	13,109	13,109	10,200
Conferences	36	36	211
Travel Expense	5,555	5,555	6,375
Game Workers	814	814	4,042
Game Supervisors	485	485	970
Dues and Fees	0	0	3,456

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

ATHLETIC ACTIVITIES FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Field Maintenance	4,564	4,564	1,514
Supplies and Materials			
Athletic Supplies	6,716	6,716	11,208
Awards	348	348	304
Office Supplies	1,434	1,434	1,132
Other Expenses			
Tournament Expense	8,335	8,335	13,455
Miscellaneous Expense	368	368	502
Cooperative Sports	2,239	2,239	2,941
Total Expenditures	<u>145,682</u>	<u>145,682</u>	<u>173,594</u>
Excess (Deficiency) of Revenues Over Expenditures	(112,012)	(111,341)	(126,443)
<u>OTHER FINANCING SOURCES</u>			
Transfers In			
General Fund	<u>104,258</u>	<u>103,935</u>	<u>134,894</u>
Net Change in Fund Balance	(7,754)	(7,406)	8,451
<u>FUND BALANCE</u> - Beginning of Year	<u>9,184</u>	<u>9,184</u>	<u>733</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 1,430</u>	<u>\$ 1,778</u>	<u>\$ 9,184</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

DEBT RETIREMENT FUND  
COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Taxes Receivable	\$ 898	\$ 891
Investments	<u>168,584</u>	<u>234,493</u>
 TOTAL ASSETS	 <u>\$ 169,482</u>	 <u>\$ 235,384</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 5,313
 <u>FUND BALANCE</u>		
Reserved for Debt Retirement	<u>169,482</u>	<u>230,071</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 169,482</u>	 <u>\$ 235,384</u>



CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

DEBT RETIREMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Property Tax Levy	\$ 164,282	\$ 164,247	\$ 286,703
Earnings on Investments and Deposits	8,500	8,842	8,600
Miscellaneous	0	451	432
State Sources			
Payments in Lieu of Taxes			
Commercial Forest Reserve	1,339	1,339	38
Total Revenues	<u>174,121</u>	<u>174,879</u>	<u>295,773</u>
<u>EXPENDITURES</u>			
Redemption of Bonds	195,000	195,000	195,000
Interest on Debt	39,931	39,931	45,294
Dues and Fees	20,191	225	225
Miscellaneous	320	312	366
Total Expenditures	<u>255,442</u>	<u>235,468</u>	<u>240,885</u>
Excess (Deficiency) of Revenues Over Expenditures	(81,321)	(60,589)	54,888
<u>FUND BALANCE</u> - Beginning of Year	<u>230,071</u>	<u>230,071</u>	<u>175,183</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 148,750</u>	<u>\$ 169,482</u>	<u>\$ 230,071</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

CAPITAL PROJECTS FUNDS  
COMBINING BALANCE SHEET

JUNE 30, 2008

WITH COMPARATIVE TOTAL AMOUNTS FOR JUNE 30, 2007

	1989 CAPITAL PROJECTS	1992 CAPITAL PROJECTS	1993 CAPITAL PROJECTS	SINKING CAPITAL PROJECTS	TOTAL	
					2008	2007
<u>ASSETS</u>						
Taxes Receivable	\$ 0	\$ 0	\$ 0	\$ 89	89	\$ 46
Due from Other Funds	0	0	0	0	0	11,672
Investments	55,762	409,292	248,964	75,120	789,138	764,899
Total Assets	\$ 55,762	\$ 409,292	\$ 248,964	\$ 75,209	\$ 789,227	\$ 776,617
<u>LIABILITIES AND FUND BALANCE</u>						
<u>LIABILITIES</u>						
Due to Other Funds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,108
<u>FUND BALANCE</u>						
Unreserved						
Undesignated	55,762	409,292	248,964	75,209	789,227	773,509
TOTAL LIABILITIES AND FUND BALANCE	\$ 55,762	\$ 409,292	\$ 248,964	\$ 75,209	\$ 789,227	\$ 776,617

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

CAPITAL PROJECTS FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	1989 CAPITAL PROJECTS	1992 CAPITAL PROJECTS	1993 CAPITAL PROJECTS	SINKING CAPITAL PROJECTS	TOTAL	
					2008	2007
<u>REVENUES</u>						
Local Sources	\$ 2,129	\$ 16,102	\$ 9,154	\$ 107,097	\$ 134,482	\$ 128,775
<u>EXPENDITURES</u>						
Supplies	0	0	0	0	0	115
Purchased Services	300	300	300	3,859	4,759	2,152
Capital Outlay	7,500	0	0	106,505	114,005	53,112
Total Expenditures	7,800	300	300	110,364	118,764	55,379
Excess (Deficiency) of Revenues Over Expenditures	(5,671)	15,802	8,854	(3,267)	15,718	73,396
<u>FUND BALANCE</u> - Beginning of Year	61,433	393,490	240,110	78,476	773,509	700,113
<u>FUND BALANCE</u> - End of Year	\$ 55,762	\$ 409,292	\$ 248,964	\$ 75,209	\$ 789,227	\$ 773,509

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

1989 CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Due from Other Funds	\$ 0	\$ 3,108
Investments	55,762	58,325
Total Assets	<u>\$ 55,762</u>	<u>\$ 61,433</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	55,762	61,433
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 55,762</u>	<u>\$ 61,433</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

1989 CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Earnings on Investments and Deposits	\$ 2,000	\$ 2,129	\$ 2,081
<u>EXPENDITURES</u>			
Purchased Services			
Architectural Fees	0	0	996
Professional Fees	300	300	556
Capital Outlay			
Land, Building and Equipment	7,500	7,500	0
Total Expenditures	7,800	7,800	1,552
Excess (Deficiency) of Revenues Over Expenditures	(5,800)	(5,671)	529
<u>FUND BALANCE</u> - Beginning of Year	61,433	61,433	60,904
<u>FUND BALANCE</u> - End of Year	\$ 55,633	\$ 55,762	\$ 61,433

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

1992 CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Investments	\$ 409,292	\$ 393,490
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	409,292	393,490
TOTAL LIABILITIES AND FUND BALANCE	\$ 409,292	\$ 393,490

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

1992 CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

<u>REVENUES</u>	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Local Sources			
Earnings on Investments and Deposits	\$ 15,100	\$ 16,102	\$ 16,657
<u>EXPENDITURES</u>			
Purchased Services			
Professional Fees	300	300	300
Capital Outlay			
Equipment	0	0	31,163
Total Expenditures	300	300	31,463
Excess (Deficiency) of Revenues Over Expenditures	14,800	15,802	(14,806)
<u>FUND BALANCE</u> - Beginning of Year	393,490	393,490	408,296
<u>FUND BALANCE</u> - End of Year	\$ 408,290	\$ 409,292	\$ 393,490

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

1993 CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Investments	\$ 248,964	\$ 240,110
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	<u>248,964</u>	<u>240,110</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 248,964</u>	<u>\$ 240,110</u>



CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

1993 CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008  
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Earnings on Investments and Deposits	\$ 8,600	\$ 9,154	\$ 9,497
<u>EXPENDITURES</u>			
Purchased Services			
Professional Fees	300	300	300
Excess (Deficiency) of Revenues Over Expenditures	8,300	8,854	9,197
<u>FUND BALANCE</u> - Beginning of Year	240,110	240,110	230,913
<u>FUND BALANCE</u> - End of Year	<u>\$ 248,410</u>	<u>\$ 248,964</u>	<u>\$ 240,110</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

SINKING FUND

COMPARATIVE BALANCE SHEET  
JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Taxes Receivable	\$ 89	\$ 46
Due from Other Funds	0	8,564
Investments	<u>75,120</u>	<u>72,974</u>
Total Assets	<u>\$ 75,209</u>	<u>\$ 81,584</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due To Other Funds	\$ 0	\$ 3,108
<u>FUND BALANCE</u>		
Unreserved		
Undesignated	<u>75,209</u>	<u>78,476</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 75,209</u>	<u>\$ 81,584</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

SINKING FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2008

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2007

	<u>2008</u>		<u>2007</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Property Tax Levy	\$ 104,836	\$ 105,100	\$ 99,204
Earnings on Investments and Deposits	1,900	1,997	1,336
Total Revenues	<u>106,736</u>	<u>107,097</u>	<u>100,540</u>
<u>EXPENDITURES</u>			
Purchased Services			
Repairs and Maintenance	0	3,830	0
Miscellaneous	30	29	0
Supplies			
Office Supplies	0	0	115
Capital Outlay			
Land, Building and Equipment	<u>107,472</u>	<u>106,505</u>	<u>21,949</u>
Total Expenditures	<u>107,502</u>	<u>110,364</u>	<u>22,064</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(766)</u>	<u>(3,267)</u>	<u>78,476</u>
<u>FUND BALANCE</u> - Beginning of Year	<u>78,476</u>	<u>78,476</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 77,710</u>	<u>\$ 75,209</u>	<u>\$ 78,476</u>

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

FIDUCIARY FUNDS

COMBINING BALANCE SHEET  
JUNE 30, 2008

		PRIVATE PURPOSE TRUST FUND	AGENCY FUND	TOTALS
	<u>ASSETS</u>			
Cash		\$ 14,176	\$ 81,219	\$ 95,395
	<u>LIABILITIES AND NET ASSETS</u>			
	<u>LIABILITIES</u>			
Due to Groups and Organizations		\$ 0	\$ 80,569	\$ 80,569
Due to Other Funds		0	650	650
Total Liabilities		0	81,219	81,219
	<u>NET ASSETS</u>			
Reserved for Trust Activities		14,176	0	14,176
TOTAL LIABILITIES AND NET ASSETS		\$ 14,176	\$ 81,219	\$ 95,395

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

THE CLAUDIA REID HICKMAN EXPENDABLE MEMORIAL EDUCATION FUND

COMPARATIVE BALANCE SHEET

JUNE 30,

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash	\$ 14,176	\$ 15,148
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>	\$ 0	\$ 0
<u>NET ASSETS</u>		
Reserved for Trust Activities	14,176	15,148
TOTAL LIABILITIES AND NET ASSETS	\$ 14,176	\$ 15,148

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

THE CLAUDIA REID HICKMAN EXPENDABLE MEMORIAL EDUCATION FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30

	<u>2008</u>	<u>2007</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	\$ 528	\$ 545
<u>EXPENDITURES</u>	<u>1,500</u>	<u>0</u>
Change in Net Assets	\$ (972)	\$ 545
<u>NET ASSETS</u> - Beginning of Year	<u>15,148</u>	<u>14,603</u>
<u>NET ASSETS</u> - End of Year	<u><u>\$ 14,176</u></u>	<u><u>\$ 15,148</u></u>

CENTRAL LAKE PUBLIC SCHOOLS

CENTRAL LAKE, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2008

	BALANCE 7/01/07	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/08
Art	\$ (77)	\$ 0	\$ 0	\$ (77)
Athletic Activity	0	1,040	99	941
Athletic Concession	628	0	0	628
Band	1,684	13,961	14,570	1,075
Band Aid Club	2,773	1,880	1,016	3,637
Board Revenues	6,904	3,609	74	10,439
Boys Basketball	0	2,514	2,577	(63)
Baseball	0	5,823	5,183	640
Cafeteria Pop	842	591	0	1,433
Chad Budzynski Memorial	4,710	0	4,122	588
Cheerleaders Varsity	592	2,548	3,455	(315)
Cheerleaders Jr. High	102	0	0	102
Class of 1996	150	0	0	150
Class of 2005	419	0	0	419
Class of 2006	997	0	0	997
Class of 2007	335	0	0	335
Class of 2008	1,725	46	564	1,207
Class of 2009	384	3,977	3,188	1,173
Cross Country	1,731	1,851	0	3,582
Dale Shooks Memorial	10,065	13,145	22,252	958
Drama	324	0	0	324
Eagle Scout Service Project	3,500	0	3,500	0
Elementary Field Trips/CLX	4,846	16,520	14,481	6,885
Elementary Library	47	22	0	69
Elementary Pop	2,598	51	0	2,649
Farm Project	500	550	280	770
Football	0	5,085	3,721	1,364
Fourth Grade Trip	1,067	7,075	7,426	716
French Club	(48)	5,296	5,248	0
Genealogy Club	639	5,541	5,599	581
Girls Basketball	6,041	9,113	7,463	7,691
Journalism	362	5,130	2,546	2,946
Library	1,278	0	0	1,278
Middle School Football	1,575	0	1,451	124
Middle School Projects	1,794	21,401	21,350	1,845
Performing Arts	867	26,070	26,819	118

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE  
YEAR ENDED JUNE 30, 2008

	BALANCE 7/01/07	RECEIPTS (Including Transfers)	DISBURSEMENTS	BALANCE 6/30/08
Pepsi Fund	1,831	8,289	5,526	4,594
Post Prom Party	872	2,742	2,728	886
Principal Scholarship	5,650	0	0	5,650
Random Acts of Kindness	210	0	0	210
Revolving	134	3,642	3,135	641
Scholarships	4,365	8,700	8,300	4,765
Secretary's Decision	0	1	0	1
Senior Class Community Project	1,550	0	0	1,550
Shay Memorial Fund	0	1,660	1,500	160
Softball	1,968	5,840	6,179	1,629
Student Council	1,313	1,320	1,126	1,507
Track	2,645	3,585	3,828	2,402
Volleyball	787	240	162	865
Wildfong Memorial Fund	500	0	0	500
	<u>\$ 81,179</u>	<u>\$ 188,858</u>	<u>\$ 189,468</u>	<u>\$ 80,569</u>

Represented by

Assets

Cash on Deposit

Commercial Account

\$ 80,664

\$ 81,219

Due from Other Funds

515

0

TOTAL ASSETS

\$ 81,179

\$ 81,219

Liabilities

Due to Groups

and Organizations

\$ 81,179

\$ 80,569

Due to Other Funds

0

650

TOTAL LIABILITIES

\$ 81,179

\$ 81,219



CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

SCHEDULE OF 2007 TAX ROLL  
YEAR ENDED JUNE 30, 2008

	TAXABLE VALUATION	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>GENERAL FUND (18.00 MILLS)</u>				
<u>ANTRIM COUNTY</u>				
Banks Township	\$ 114,233	\$ 2,056	\$ 1,406	\$ 650
Central Lake Township	66,997,329	1,205,948	1,087,283	118,665
Echo Township	13,604,929	244,882	218,100	26,782
Jordan Township	472,592	8,507	6,662	1,845
Kearney Township	26,130	469	342	127
Torch Lake Township	45,977,324	827,590	772,142	55,448
Totals	\$ 127,192,537	\$ 2,289,452	\$ 2,085,935	\$ 203,517

DEBT RETIREMENT FUND (.70 MILLS)

<u>ANTRIM COUNTY</u>				
Banks Township	\$ 541,289	\$ 379	\$ 297	\$ 82
Central Lake Township	124,784,352	87,339	79,560	7,779
Echo Township	25,605,071	17,920	15,918	2,002
Jordan Township	868,528	608	491	117
Kearney Township	26,030	18	13	5
Torch Lake Township	82,834,426	57,980	54,633	3,347
Totals	\$ 234,659,696	\$ 164,244	\$ 150,912	\$ 13,332

SINKING FUND (.4459 MILLS)

<u>ANTRIM COUNTY</u>				
Banks Township	\$ 541,289	\$ 241	\$ 189	\$ 52
Central Lake Township	124,784,352	55,630	50,675	4,955
Echo Township	25,605,071	11,414	10,139	1,275
Jordan Township	868,528	387	312	75
Kearney Township	26,030	11	8	3
Torch Lake Township	82,834,426	36,931	34,799	2,132
Totals	\$ 234,659,696	\$ 104,614	\$ 96,122	\$ 8,492

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

2003 BOND PAYMENT SCHEDULE  
JUNE 30, 2008

<u>TITLE OF ISSUE</u>	2003 Refunding Bonds ( General Obligation - Unlimited Tax)		
<u>PURPOSE</u>	For the purpose of refunding the callable 1993 School Building and Site and Refunding Bonds of the District dated April 7, 1993 in the amount of \$1,885,000 which were due and payable May 1, 2004 through May 1, 2013.		
<u>DATE OF ISSUE</u>	September 16, 2003		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>	\$ 1,870,000		
<u>AMOUNT REDEEMED</u>			
Redeemed Prior to Current Year	\$ 745,000		
Redeemed During Current Year	<u>195,000</u>		<u>940,000</u>
<u>BALANCE OUTSTANDING - June 30, 2008</u>			<u><u>\$ 930,000</u></u>

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2008		17,041	17,041	
May 1, 2009	3.125%	212,041	17,041	195,000
November 1, 2009		13,994	13,994	
May 1, 2010	3.500%	203,994	13,994	190,000
November 1, 2010		10,669	10,669	
May 1, 2011	3.750%	195,669	10,669	185,000
November 1, 2011		7,200	7,200	
May 1, 2012	4.000%	187,200	7,200	180,000
November 1, 2012		3,600	3,600	
May 1, 2013	4.000%	183,600	3,600	180,000
		<u>\$ 1,035,008</u>	<u>\$ 105,008</u>	<u>\$ 930,000</u>

<u>OPTIONAL REDEMPTION</u>	The bonds are not subject to redemption prior to maturity.
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CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2008

**Property Valuations**

In accordance with Act No. 539, Public Acts of Michigan, 1982, and Article IX, Section 3 of the Michigan Constitution, the ad valorem State Equalized Valuation (SEV) represents 50% of true cash value. SEV does not include any value of tax exempt property (e.g. churches, governmental property) or property granted tax abatements under Act No. 198, Public Acts of Michigan, 1974, as amended. As a result of Proposal A, ad valorem property taxes are assessed on the basis of taxable value, which is subject to assessment caps. SEV is used in the calculation of debt margin and true cash value.

Taxable property in the School District is assessed by the local municipal assessor, and is subject to review by the County Equalization Department.

***Historical Valuation***

<u>YEAR</u>	<u>HOMESTEAD</u>	<u>NON- HOMESTEAD</u>	<u>TOTAL TAXABLE VALUATION</u>
2007	\$ 107,467,159	\$ 127,192,537	\$ 234,659,696
2006	101,974,882	118,562,731	220,537,613
2005	96,082,521	109,547,108	205,564,929
2004	81,414,887	100,291,687	191,706,574
2003	89,156,424	90,161,994	179,318,418
2002	81,143,189	88,901,763	170,044,952
2001	73,725,635	83,407,791	157,133,426
2000	68,424,523	75,717,140	144,141,663
1999	65,272,529	70,909,256	136,181,785

\* The 2007 State Equalized Valuation is \$407,194,900.

Source: County of Antrim in Equalization Department

***Per Capita Valuation***

Based on U.S. Census Bureau Population of 3,247

2007 Per Capita Taxable Valuation	\$ 72,270
2007 Per Capita State Equalized Valuation	\$125,406
2007 Per Capita Estimated True Cash Valuation	\$250,812

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2008

**Major Taxpayers**

The top ten taxpayers in the School District and their 2007 taxable valuation are as follows:

<u><b>Taxpayer</b></u>	<u><b>Product/Service</b></u>	<u><b>Taxable Valuation</b></u>
DTE Gas & Oil Co.	Utility	\$ 4,183,400
Second Change Body Armor, Inc.	Bullet-proof vests	1,053,816
Great Lakes Energy	Utility	1,022,050
Dover Resources	Manufacturing	820,225
Corbett LLC	Tech/Dining	652,416
Consumers Energy	Utility	513,053
Shooks Farms	Farming	496,760
Kimron Construction Co.	Construction	417,855
Charter Communications	Cable TV	223,450
Srw	Utility	172,382
TOTAL		<u><u>\$ 9,555,407</u></u>

The taxable valuations of the above taxpayers represent 4.05% of the School District's 2007 taxable valuation of \$234,659,696.

Source: County of Antrim Equalization Department.

**Tax Rates (Per \$1,000 of Valuation)**

Each school district, county, township, special authority and city has a geographical definition which constitutes a tax district. Since local school districts and the county overlap, either a township or a city, and intermediate school districts overlap local school districts and county boundaries, the result is many different tax rate districts.

<i><b>Central Lake Public Schools</b></i>	<u><b>2007</b></u>	<u><b>2006</b></u>	<u><b>2005</b></u>	<u><b>2004</b></u>	<u><b>2003</b></u>	<u><b>2002</b></u>
Voted	18.0000	18.0000	18.0000	18.0000	18.0000	18.0000
Debt	0.7000	1.3000	1.4000	1.5000	1.5000	1.5000
Capital Projects	0.4459	0.4500	0.0000	0.0000	0.0000	0.0000
Total Homestead	1.1459	1.7500	1.4000	1.5000	1.5000	1.5000
Total Non-Homestead	19.1459	19.7500	19.4000	19.5000	19.5000	19.5000

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2008

The School District's electorate approved a Headlee Override for the 2003, 2004, 2005, 2006 and 2007 tax levies. Also, the electorate approved a Headlee override in May 2008 for the 2008 tax levy.

Since school finance reform legislation became effective in March 1994, the State of Michigan has levied 6.00 mills for school operating purposes on all homestead and non-homestead property located within the School District. The School District levies 18.00 mills of voted operating millage on non-homestead property and authorized debt millage on all homestead and non-homestead property located within the School District.

2002 Public Act 244 (the "Act"), provides that for the year 2003 only, the 6 mill State Education tax levy will be reduced to 5 mills and the levy will be permanently moved forward to July 1 from December 1. No tax or state aid cash flows to the school district are affected by the Act.

Source: School District.

**State Aid Payments**

The School District's primary source of funding for operating costs is the State aid foundation allowance per pupil. This allowance may be adjusted by an index based upon the change in revenues to the state school aid fund and the change in the total number of pupils statewide.

The following table shows a history of the School District's total state aid revenues, including categoricals and other amounts, and the per pupil state aid foundation allowance.

<u>Year</u>	<u>Total</u>	<u>State Amount Received Per Pupil</u>	<u>Foundation Allowance Per Pupil</u>
2007/08	\$ 1,066,372	\$ 2,633	\$ 7,927
2006/07	1,349,850	3,199	7,847
2005/06	1,528,287	3,513	7,637
2004/05	1,877,476	3,911	7,462
2003/04	1,881,138	3,994	7,462
2002/03	2,166,431	4,551	7,462
2001/02	2,311,741	4,293	7,262
2000/01	2,253,197	4,199	6,962
1999/00	2,182,926	4,101	6,661

Source: Michigan Department of Education and School District

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2008

**Tax Levies and Collections**

The School District's fiscal year begins July 1 and ends June 30. School District property taxes are due December 1 of each fiscal year and are payable without interest or penalty on or before the following February 14. All real property taxes remaining unpaid on March 1<sup>st</sup> of the year following the levy are turned over to the County Treasurer for collection. Antrim County annually pays from its Tax Payment Fund delinquent taxes on real property to all taxing units in the County, including the School District, shortly after the date delinquent taxes are returned to the County Treasurer for collection. The payments from this fund has resulted in collections of taxes approaching 100% for all taxing units. Delinquent personal property taxes are negligible.

A history of tax levies and collections for the School District is as follows:

Levy Year	Operating Tax Levy	Collections to March 1 of Following Year		Collections Plus Funding to June 30 of Following Year	
2007	\$ 2,289,452	\$ 2,085,935	91.11 %	\$ 2,286,747	99.88 %
2006	2,134,128	1,979,472	92.75	2,127,716	99.70
2005	1,971,841	1,766,558	89.60	1,962,310	99.52
2004	1,805,236	1,643,908	91.06	1,802,567	99.85
2003	1,622,908	1,493,455	92.02	1,616,324	99.59
2002	1,567,310	1,426,320	91.00	1,561,257	99.61
2001	1,465,288	1,341,370	91.54	1,463,112	99.85
2000	1,357,478	1,227,635	90.43	1,355,844	99.88
1999	1,251,383	1,141,803	91.24	1,249,467	99.85
1998	1,217,929	1,114,312	91.49	1,217,929	100.00

Source: School District

The Tax Payment Fund is financed through the issuance of General Obligation Limited Tax Notes (GOLTNs) by the county. Although the School District anticipates the continuance of this program by the county, the ability of the county to issue such GOLTNs is subject to market conditions at the time of offering. In addition, Act 206 of 1893, as amended provides in part that: "The primary obligation to pay to the county the amount of taxes and interest thereon shall rest with the local taxing units, and if the delinquent taxes which are due and payable to the county are not received by the county for any reason, the county has full right of recourse against the taxing unit to recover the amount thereof and interest thereon..." On the first Tuesday in May in each year, a tax sale is held by the county at which lands delinquent for taxes assessed in the third year preceding the sale, or in a prior year, are sold for the total of the unpaid taxes of those years.

The General Property Tax Act was amended by Act 123 of the Public Acts of Michigan of 1999. Act 123, which was signed by Governor Engler on July 22, 1999, extensively revises the procedures for the collection of delinquent property taxes. Act 123 has the effect of shortening the process for the collection of delinquent taxes from approximately six years (including statutory redemption periods) to less than three years.

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2008

**Labor Force**

A breakdown of the number of employees of the School District and their affiliation with organized groups is as follows:

<u>Employees</u>	<u>Number</u>	<u>Bargaining Unit</u>	<u>Contract Expiration</u>
Administrators	2	Non-Affiliated	N/A
Teachers	33	MEA	6/30/2008
Secretaries	3	Non-Affiliated	N/A
Maintenance	5	Non-Affiliated	N/A
Transportation	5	Non-Affiliated	N/A
Aides	4	Non-Affiliated	N/A
Other	6	Non-Affiliated	N/A
	<u>58</u>		

**Debt Statement (As of June 30, 2008)**

Direct Debt

<u>Dated Date</u>	<u>Purpose</u>	<u>Type</u>	<u>Interest Spread</u>	<u>Maturities</u>	<u>Amount Outstanding</u>
9/16/2003	Refunding	UTNQ	3.125-4.00%	5/1/09 - 13	\$ 930,000

**School Enrollment**

***Historical Enrollment***

The School District's historical enrollment (Fall Pupil Count Day) is as follows:

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Enrollment</u>
2007/08	405	2002/03	492
2006/07	422	2001/02	514
2005/06	435	2000/01	493
2004/05	480	1999/00	507
2003/04	471	1998/99	495

CENTRAL LAKE PUBLIC SCHOOLS  
CENTRAL LAKE, MICHIGAN

2003 REFUNDING BONDS CONTINUING DISCLOSURE

JUNE 30, 2008

***Enrollment by Grade***

The enrollment by grade for the school year 2007/08 (Fall Pupil Count Day) was as follows:

Kindergarten	31	Seventh	31
First	28	Eighth	33
Second	26	Ninth	37
Third	33	Tenth	37
Fourth	28	Eleventh	26
Fifth	24	Twelfth	28
Sixth	31	Special Education	<u>12</u>
		TOTAL	<u><u>405</u></u>

***Projected Enrollment***

The projected enrollment – (2008/09) is as follows:

K-5	161
6-8	96
9-12	<u>136</u>
TOTAL	<u><u>393</u></u>

Source: School District



# *Baird, Cotter and Bishop, P.C.*

## **CERTIFIED PUBLIC ACCOUNTANTS**

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

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July 10, 2008

### COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Board of Education  
Central Lake Public Schools  
Central Lake, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Lake Public Schools for the year ended June 30, 2008, and has issued our report thereon dated July 10, 2008. Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibilities under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated June 24, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Central Lake Public Schools. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed test of Central Lake Public School's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies

used by Central Lake Public Schools are described in Note I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2007-08. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated July 10, 2008.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During the course of our audit of the basic financial statements of Central Lake Public Schools for the year ended June 30, 2008, we noted the following list of items which we feel deserve comment:

#### Single Audit

The threshold for requiring a Single Audit of federal award programs is \$500,000. Therefore, it was not necessary to perform a Single Audit this year.

### Act 621

The School has excellent procedures and controls in place to prepare and monitor the budgets. However, we did note the following item that was not in compliance with Act 621 (Uniform Budgeting and Accounting Act).

The Food Service Fund expenditures exceeded the budgeted amounts.

### Continuing Disclosure Requirements

Regulations relative to the bond issue refunding in 2003 require that the District provide annual continuing disclosure information to the bondholders until all of the bonds are paid in full. These disclosures can be included as supplemental information with the audit report or the school can provide this information separate from the audit. In the past, we have included the data right in the audit report and have accumulated this data with the assistance of your accounting staff and the county equalization departments so that the disclosure requirements are met. We have discussed this with the administration and will currently continue to include this data in your annual audit.

### Condition of Accounting Records

The accounting records were again found to be in excellent condition. We would like to congratulate the accounting personnel for doing a good job and thank them for their efforts in accumulating the information needed for the audit.

This communication is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

# *Baird, Cotter and Bishop, P.C.*

## CERTIFIED PUBLIC ACCOUNTANTS

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July 10, 2008

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education  
Central Lake Public Schools  
Central Lake, Michigan

We have audited the financial statements of the governmental activities, and each major fund of Central Lake Public Schools, Central Lake, Michigan as of and for the year ended June 30, 2008, which collectively comprise Central Lake Public Schools, Central Lake, Michigan's basic financial statements and have issued our report thereon dated July 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Central Lake Public Schools, Central Lake, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Central Lake Public Schools, Central Lake, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Central Lake Public Schools, Central Lake, Michigan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Central Lake Public Schools, Central Lake, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Central Lake Public Schools, Central Lake, Michigan's financial statements that is more than inconsequential will not be prevented or

detected by the Central Lake Public Schools, Central Lake, Michigan's internal control. We consider the deficiency described below to be a significant deficiency in internal control over financial reporting:

The relatively small number of people involved in the accounting functions of the District makes it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. We realize that it is not financially practical for the Board to establish a larger accounting staff in order to implement proper segregation of duties.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Central Lake Public Schools, Central Lake, Michigan's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

#### Compliance

As part of obtaining reasonable assurance about whether Central Lake Public Schools, Central Lake, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Central Lake Public Schools, Central Lake, Michigan, in a separate letter dated July 10, 2008.

This report is intended for the information of the Board of Education, management, the Michigan Department of Education and other regulatory bodies. However, this report is a matter of public record, and its distribution is not limited.

BAIRD, COTTER AND BISHOP, P. C.

*Baird, Cotter & Bishop, P.C.*